

A large saguaro cactus is silhouetted against a vibrant sunset sky. The sky transitions from deep purple at the top to bright orange and yellow near the horizon. The cactus has two distinct arms reaching upwards. The overall scene is a desert landscape at dusk.

SPIRIT ELECTRONICS, INC.

Acquisition Advisory Panel
Ft. Worth, Texas

May 23, 2005



SPIRIT ELECTRONICS, INC.

General Information

- ***Founded September, 1979***
- ***Wholesale Electronic Component Distribution***
- ***Supplier Managed Inventory Programs***
- ***Value-Add Component Prep Services***
- ***Small Disadvantaged Business, Woman-Owned
Business, Native American Owned***



SPIRIT ELECTRONICS, INC.

Certifications

- ***SDB Certified by SBA 3/99, 7/02***
- ***ISO9001:2000 and AS9100:2001***
- ***Women's Business Enterprise Council
(WBENC) certified 8/02, 03/04***



SPIRIT ELECTRONICS, INC.

Applicable Programs

- ***SDB Certification by SBA***
- ***Mentor-Protégé Program***

SDB Certification

- ***Certification every 3 years***
 - ***Start from scratch***
 - ***SBA understaffed (7-12 months for certification)***
 - ***“Errant” interpretation of requirements***
- ***Personal net worth limitation***
 - ***\$750,000 personal net worth limit set in 1988***
 - ***inflation***
 - ***cost of living increases***
 - ***Owners personally guarantee all loans for business expansion***
 - ***Limitation on capital available***
 - ***Severe impact on small business growth***

Sub-Contracting Equity

- ***Primes extending payment terms***
 - ***Formal notification of 45-60 day terms***
 - ***Substantial discounts for payment within terms – limiting profitability***
- ***Small business required to pay within 30 days to suppliers***
 - ***Small business floating cash for primes***
 - ***Limiting growth of small business as cash tied up in receivables and not available for expansion***